

STATEMENT

**STATEMENT OF U.S. SENATOR DANIEL K. AKAKA
CHAIRMAN
SUBCOMMITTEE ON INTERNATIONAL SECURITY,
PROLIFERATION AND FEDERAL SERVICES,
COMMITTEE ON GOVERNMENTAL AFFAIRS**

**HEARING ON THE ANNUAL REPORT OF THE
POSTMASTER GENERAL AND THE IMPACT OF
TERRORIST ATTACKS ON POSTAL OPERATIONS**

342 Dirksen 10 AM
September 20, 2001

Good morning. Today we have with us Postmaster General John Potter, who will report to Congress on the state of the U.S. Postal Service. He is accompanied by the Service's Chief Postal Inspector Kenneth Weaver. We are also pleased to have a written statement by the Inspector General of the Postal Service, which updates her testimony from our May hearing. I ask that the statement be inserted in the record.

The great tragedy of September 11th has forever altered America and everything we take for granted. In the midst of unimaginable horrors, our federal employees pulled together to deliver essential services. Despite the terrible losses, the federal government was back to work the next day.

It is in that spirit that we have asked the Postmaster General and the Chief Postal Inspector to address how the Service was impacted by last week's events, where it is today, and what Americans may expect in the future.

I would also like to note that this hearing is one of several today that is reviewing the need to refocus our priorities. The operation of the U.S. Postal Service and the delivery of the mail is critical to our nation's economy. One of the keys to America's recovery will be a strong and viable Postal Service. Delivery of the U.S. mail is a basic and fundamental public service that must be protected from disruption. However, there will be new costs associated with ensuring the continuation of this reliable and efficient service, which must also be reviewed.

The delivery and security of the mail, and the safety of Postal employees, are not the only challenges facing the Postal Service. There are many in our audience who are appropriately concerned with the Board of Governor's announcement that it will file a new rate case this month. And, as so many have said, the continued use of rate increases to raise revenue may end up having the opposite effect – raising rates will depress demand which will drive down revenues.

It is essential that an organization the size of the Postal Service be governed by short- and long-term financial goals that support its core mission – providing universal mail service to all Americans at affordable prices.

Because the Service appropriately sounded the alarm over declining volume and decreasing revenue, Senators Cochran, Lieberman, Thompson, and I called on

the Postal Service in May to develop a transformation plan. This plan will be completed at the end of the year.

Two months earlier, at our request, the GAO commenced an in-depth investigation of the Postal Service and expects to have its report by early next year. I will review all options recommended by the GAO, the Postal Service, and postal stakeholders. Moreover, despite the horrible burden placed on our President, it is critical to the Postal Service and the nation that nominees for the vacancies at the Postal Rate Commission and the Board of Governors be sent to the Senate as soon as possible.

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